

FISCAL DESK AUDIT FOR PART _____

State: _____

Date: _____

QUESTION	EVIDENCE/PROMPTS	DATA SOURCE(S)	FOLLOW-UP QUESTIONS
A. Distribution of Part B Funds by the SEA and Other State-level Funding Concerns			
A1 Proper Distribution of Part B Funds by the SEA			
<u>LEA ELIGIBILITY:</u> 1. How does the SEA ensure that an LEA is eligible before awarding subgrants under 611 and 619 to the LEA? (Sections 300.705(a) 300.815, 76.400 and 76.401)			
<u>TIMELY DISTRIBUTION OF SUBGRANTS:</u> 2. Are subgrants distributed so that LEAs have sufficient time to obligate and expend funds?			
<u>CALCULATING SUBGRANTS – BASE AMOUNTS:</u> 3. Can the SEA provide evidence that the ‘base amount’ it awards to each LEA under Section 611 is the amount the LEA would have received under Section 611 for fiscal year 1999 if the SEA had distributed 75% of the grant award for fiscal year 1999, unless certain adjustments were required under the regulations? (Sections 300.705(b)(1)			

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<p>and (2) and 76.791 through 76.797)</p> <p>4. Can the SEA provide evidence that the 'base amount' it awards to each LEA under Section 619 is the amount the LEA would have received under Section 619 for fiscal year 1997 if the SEA had distributed 75% of the grant award for fiscal year 1997, unless certain adjustments were required under the regulations? (Sections 300.816(a) and (b), and 76.791 through 76.797)</p> <p>5. Is the total amount the State awarded as LEA base allocations under Section 611 the same as the amount in Column B of Table I of the State's grant award documents? (Section 300.705(b)(1) and (2))</p> <p>6. Is the total amount the State awarded as LEA base allocations under Section 619 the same as the amount in Column D of Table III of the State's grant award documents? (Section 300.816(a) and (b))</p>			
<p><u>CALCULATING SUBGRANTS – POPULATION AND POVERTY COMPONENTS:</u></p> <p>7. Can the SEA provide evidence that 85% of the Section 611 funds remaining after base payment allocations are distributed to LEAs based on the LEAs' relative numbers of children enrolled in public and private schools within the LEAs' jurisdictions? (Sections</p>			

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<p>300.705(b)(3)(i) and 76.791 through 76.797)</p> <p>8. Can the SEA provide evidence that 85% of the Section 619 funds remaining after base payment allocations are distributed to LEAs based on the LEAs' relative numbers of children enrolled in public and private schools within the LEAs' jurisdictions? (Sections 300.816(c)(1) and 76.791 through 76.797)</p> <p>9. Can the SEA provide evidence that 15% of the Section 611 funds remaining after base payment allocations are distributed to LEAs in accordance with the LEAs' relative numbers of children living in poverty, as determined by the SEA? (Sections 300.705(b)(3)(ii) and 76.791 through 76.797)</p> <p>10. Can the SEA provide evidence that 15% of the Section 619 funds remaining after base payment allocations are distributed to LEAs in accordance with the LEAs' relative numbers of children living in poverty, as determined by the SEA? (Sections 300.816(c)(2) and 76.791 through 76.797)</p>			
<p><u>REALLOCATION OF SECTION 611 OR 619 FUNDS BY THE SEA:</u></p> <p>11. Has the SEA reallocated Part B funds (either Section 611 or Section 619) because an LEA was adequately providing FAPE to all</p>			

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<p>children with disabilities residing in the area served by the LEA? (Sections 300.705(c) and 300.817)</p> <p>12. If so, on what basis does the SEA determine that an LEA is adequately providing FAPE to all children with disabilities residing in the area served by the LEA? (Sections 300.705(c) and 300.817)</p>			
<p><u>STATE ADMINISTRATION UNDER SECTION 611:</u></p> <p>13. Did the SEA use Section 611 State administrative funds in accordance with the description in the Use of Funds Section in its Part B application for the most recent prior year?</p> <p>14. If not, how did the State's use of funds differ from what it described in the Use of Funds Section of its prior year's application?</p>			
<p><u>STATE ADMINISTRATION UNDER SECTION 619:</u></p> <p>15. Did the SEA ensure that not more than the maximum Section 619 set-aside for administration (Column C) identified in Table III of its prior year's grant award document is spent on State administration of the preschool program and administration of the Part C program? (Section 300.813)</p> <p>16. Did the SEA ensure that not more than the maximum Section 619</p>			

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State set aside (Column B) minus the maximum set-aside for administration (Column C) identified in Table III of its prior year's grant award document is used for other State-level activities specified in Section 619? (Sections 300.812 and 300.814)			
A2 High Risk Pool (the LEA Risk Pool)			
<u>RESERVATION OF FUNDS:</u> 1. Did the SEA indicate in its Use of Funds form in its current year application that it was reserving Section 611 funds to establish an LEA Risk Pool? (If the answer is no, skip the remainder of Section A2.) (Section 300.704(c))			
<u>USE OF LEA RISK POOL FUNDS BY THE SEA:</u> 2. Does the SEA ensure that no more than 5 percent of funds from the LEA Risk Pool are used to support innovative and effective ways of cost sharing among consortium of LEAs? (Section 300.704(c)(2)(ii)) 3. How does the SEA ensure that funds from the LEA Risk Pool are not used for costs associated with establishing, supporting, and otherwise administering the fund? (Section 300.704(c)(2)(i))			
<u>STATE PLAN FOR LEA RISK POOL:</u>			

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<p>4. Does the State have a State Plan for the LEA Risk Pool? (Section 300.704(c)(3))</p> <p>5. What is the State's definition of a high needs child with a disability? (Section 300.704(c)(3)(i)(A))</p> <p>6. What procedures does the SEA use to distribute LEA Risk Pool funds? (Section 300.704(c)(3)(i)(D))</p>			
<p><u>DISBURSEMENTS OF LEA RISK POOL FUNDS:</u></p> <p>7. How does the SEA ensure that disbursements from the LEA Risk Pool are made consistent with the State Plan for the LEA Risk Pool? (Section 300.704(c)(4)(i))</p> <p>8. How does the SEA ensure that disbursements from the LEA Risk Pool are not used to support legal fees, court costs, or other costs associated with a cause of action brought on behalf of a child with a disability to ensure FAPE for such child? (Section 300.704(c)(5))</p> <p>9. How does the SEA ensure that LEA Risk Pool funds are not used to pay costs that otherwise would be reimbursed as medical assistance for a child with a disability under the State Medicaid program? (Section 300.704(c)(8))</p> <p>10. How does the SEA ensure that funds reserved for the LEA Risk Pool that are not expended in a fiscal year are reallocated to LEAs</p>			

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for the succeeding fiscal year, in the same manner as other funds from the appropriation for that fiscal year are allocated to LEAs during their final year of availability? (Section 300.704(c)(9))			
A3 Charter Schools			
<p><u>CHARTER SCHOOLS THAT ARE PUBLIC SCHOOLS OF AN LEA:</u></p> <p>1. How does the State ensure that each charter school that is a public school of an LEA, is provided funds by its LEA on the same basis as the LEA provides funds to the other public schools in its jurisdiction, including proportional distribution based upon the relative enrollment of children with disabilities, and at the same time as the LEA distributes other Federal funds, consistent with the State's charter school law? (Section 300.209(b))</p>			
<p><u>CHARTER SCHOOLS THAT ARE LEAS:</u></p> <p>2. If a charter school is an LEA, how does the SEA provide funds to the charter school? (Sections 300.209(c), 300.705, 300.816, and 76.791 through 76.797)</p> <p>3. Has the SEA required any charter school LEAs to jointly establish eligibility with other LEAs? (Section 300.223(a) and (b))</p> <p>4. If so, what is the provision of the</p>			

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State's charter school law that explicitly permits the SEA to require a charter school LEA to jointly establish eligibility with another LEA? (Section 300.223(b))			
A4 Least Restrictive Environment			
<u>STATE FUNDING MECHANISMS:</u> How does the SEA ensure that the State funding mechanism does not result in placements that violate LRE requirements? (Section 300.114(b))			
B. Use of Part B Funds			
B1 State Maintenance of Effort Requirements			
<u>STATE-LEVEL MAINTENANCE OF EFFORT:</u> 1. How does the State compute State-level maintenance of effort? (Section 300.163) 2. How does the State ensure that Part B funds are not used to reduce the State level of expenditures for providing special education and related services for children with disabilities, or State funds otherwise made available to pay the excess cost of providing special education services for children with disabilities, below the amount of that support for the preceding fiscal year? (Section			

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300.163(a))			
<p><u>STATE-LAW MANDATED FUNDING OBLIGATIONS:</u></p> <p>3. 'How does the State ensure that Part B funds are not used to pay State-mandated funding obligations to LEAs, including funding based on student attendance or enrollment, or inflation? (Section 300.166)</p>			
B2 LEA Maintenance of Effort Requirement			
<p><u>LEA MAINTENANCE OF EFFORT:</u></p> <p>1. How does the SEA ensure that Part B funds provided to LEAs are not used (except for the exceptions in section 300.204 and 300.205) to reduce the level of LEA total or per capita expenditures for providing special education and related services for children with disabilities, below the level of local funds or State and local funds used for the preceding fiscal year? (Section 300.203(a))</p> <p>2. What procedures does the SEA use to determine if an LEA may reduce its level of expenditures from the preceding fiscal year based upon certain departures of special education and related services personnel, decreases in enrollment of children with disabilities, certain terminations of obligations for exceptionally costly programs for</p>			

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<p>particular children, termination of expenditures for long-term purchases such as acquisition of equipment or construction of school facilities or the assumption of costs by the State's high cost fund under Section 300.704(c)? (Section 300.204)</p> <p>3. How does the SEA determine if an LEA may reduce its level of expenditures from the level of the preceding fiscal year based on an increase in the LEA's formula allocation under Section 300.705? (Section 300.205(a))</p> <p>4. When an LEA reduces local expenditures under Section 300.205(a), how does the SEA determine whether the LEA has used an amount of funds equal to the decrease to carry out activities that could be supported with funds under the ESEA? (Section 300.205(b))</p> <p>5. Has the SEA ever prohibited an LEA from reducing local expenditures pursuant to Section 300.205(c)? (Section 300.205(c))</p> <p>6. If so, what were the circumstances?</p> <p>7. How does the SEA ensure that the amount of funds that an LEA expends for early intervening services under Section 300.226 count toward the maximum amount of expenditures that an LEA may reduce under Section 300.205(a)? (Section 300.205(d))</p>			

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B3 Excess Costs and Allowable Costs			
<u>EXCESS COSTS:</u> 1. How does the SEA ensure that LEAs use Part B funds only to pay the excess costs of providing special educating and related services to children with disabilities? (Section 300.202(a)(2))			
<u>ALLOWABLE COSTS:</u> 2. How does the SEA ensure that the use of Part B funds is consistent with OMB Circular A-87?			
B4 Part B Funds Must Not Be Commingled with State Funds			
<u>NONCOMMINGLING:</u> How does the SEA ensure that Part B funds are not commingled with State funds? (Section 300.162)			
B5 Direct Services by the SEA			
<u>SEA AS PROVIDER OF FAPE:</u> 1. Is the SEA providing direct services to children with disabilities? 2. If so, how does the SEA obligate and expend Part B funds when it provides direct services?			
B6 Early Intervention Services			

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<p><u>NOTE: Skip Item 1 if the SEA is not the Lead Agency for Part C.</u></p> <p><u>COORDINATION OF PART B AND C PROGRAMS:</u></p> <ol style="list-style-type: none"> 1. Does the SEA use Section 611 funds for State administration of the Part C program? If so, what procedures are used to track the Part B funds? (Section 300.704(a)(4)) 2. Does the SEA use Part B funds to provide early intervention services jointly with the Part C Lead Agency or Part C program? What procedures are used to track the Part B funds? (Sections 300.704(f) and 300.814(e)) 3. How does the SEA ensure that any early intervention services provided with Part B funds under these authorities include the required educational component? (Sections 300.704(f) and 300.814(e)) 4. Does the State use Section 619 funds under Section 300.814(f) to continue service coordination or case management for families who receive services under Part C until the children enter, or are eligible under State law to enter, kindergarten? (Section 300.814(f)) 			
B7 Early Intervening Services			
<u>EARLY INTERVENING SERVICES:</u>			

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<ol style="list-style-type: none"> 1. How does the SEA track which LEAs are providing early intervening services, using not more than 15% of their Part B subgrant? (Section 300.226(a)) 2. How does the SEA ensure that an LEA uses only up to 15% of its Part B funds and uses it only for allowed activities? (Section 300.226(a)) 3. How does the SEA ensure that early intervening services under this authority are only provided to children in kindergarten through grade 12 who are not currently identified as needing special education or related services but who need additional behavioral support to succeed in a general education environment? (Section 300.226(a)) 			
<p><u>REPORTING:</u></p> <ol style="list-style-type: none"> 4. Do LEAs report annually to the SEA on the number of children served who received early intervening services and the number of children who received early intervening services who subsequently receive special education and related services under Part B? (Section 300.226(d)) 			
<p><u>SIGNIFICANT DISPROPORTIONALITY:</u></p> <ol style="list-style-type: none"> 5. If an LEA has significant disproportionality, how does the SEA ensure that the LEA reserves the maximum amount of funds 			

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under Section 613(f) for early intervening services? (Section 300.646(b)(2))			
B8 Schoolwide Services			
<u>USING PART B FUNDS FOR SCHOOLWIDE PROGRAMS:</u> 1. Are LEAs using Part B funds to carry out schoolwide programs? (Section 300.206) 2. If so, how does the SEA ensure that LEAs use not more than the maximum allowable amount of Part B funds that to carryout a schoolwide program under Section 1114 of the ESEA?			
B9 Children Placed in Private School by Their Parents			
<u>FUNDING FOR SERVICES FOR PARENTALLY-PLACED PRIVATE SCHOOL CHILDREN WITH DISABILITIES:</u> 1. How does the SEA ensure that each LEA expenditure of Part B funds for special education and related services for private school children placed by their parents is in proportion to their number in private schools in the LEA? (Section 300.133(a)) 2. How does the SEA ensure that LEAs are conducting an annual count of parentally-placed private			

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<p>school children with disabilities? (Section 300.133(c))</p> <p>3. How does the SEA ensure that LEAs are calculating the proportionate share correctly? (Section 300.133(b) and (c))</p> <p>4. How does the SEA ensure that State and local funds supplement and do not supplant the proportionate amount of Federal funds required to be expended for children with disabilities who are placed by their parents in private school? (Section 300.133(d))</p> <p>5. How does the SEA ensure that an LEA does not include the costs of child find activities or individual evaluations in determining whether the LEA met its obligation to expend a proportionate share of its Section 611(f) and 619(g) subgrants on special education and related services for parentally-placed private school children with disabilities? (Section 300.131(d))</p> <p>6. How does the SEA ensure that if an LEA has not expended the funds made available in a fiscal year for equitable services to parentally-placed private school children with disabilities, that the LEA obligates the remaining funds for special education and related services for this group of children during the carry over period of one additional year? (Section 300.133(a)(3))</p>			

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<u>PUBLIC CONTROL OF FUNDS, PROPERTY, EQUIPMENT AND SUPPLIES:</u> 7. How does the SEA ensure that an LEA maintains control over all property, equipment, and supplies purchased with Part B funds used for children who are placed in private schools by their parents? (Section 300.144)			
C. Monitoring the Use of Part B Funds			
C1 Adheres to Department of Education Requirements			
<u>ANNUAL AUDITS AND OTHER PROCEDURES:</u> 1. How does the SEA ensure that audits are conducted annually in accordance with the Single Audit Act and that all corrective actions required through this process are fully and timely implemented? (Circular A-133) 2. Describe any other oversight procedures that the State uses to ensure that the SEA and LEAs ensure that Federal funds are spent in accordance with applicable requirements.			
D. Timely Obligation and Liquidation of Part B Funds			
D1 Obligating/Liquidating Funds			
<u>TIMELY OBLIGATION AND</u>			

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<p><u>LIQUIDATION OF FUNDS:</u></p> <ol style="list-style-type: none"> 1. How does the SEA encourage the State and LEAs to obligate Part B funds during the first 15 months of the grant period? 2. If Part B funds are not used during the first 15 months of the grant period, how does the SEA ensure that these funds are obligated within the additional 12 month period provided for under the Tydings amendment? 3. How does the State ensure that the Part B grant obligations are liquidated in the 90 days after the close of the grant period? 			